

STATE OF SOUTH CAROLINA

(Caption of Case)

Petition of the Office of Regulatory Staff to Establish
Dockets to Consider Implementing the Requirements
of Section 1251 (Net Metering and Additional
Standards) of the Energy Policy Act of 2005

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2005 - 385

SC PUBLIC SERVICE
COMMISSION

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(Please type or print)

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DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☒ Other:

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)		
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input checked="" type="checkbox"/> Letter	<input type="checkbox"/> Request
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest	
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit	
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report	

DATE: 03-28-08
BY: D. Duke

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION

DOCKET NO. 2005-385-E

In the Matter of :

Petition of the Office of Regulatory
Staff to Establish Dockets to Consider
Implementing the Requirements of
Section 1251 (Net Metering and
Additional Standards) of the Energy
Policy Act of 2005

(TESTIMONY OF FRANK KNAPP, JR.
(ON BEHALF OF PAMELA GREENLAW

1 **Q. PLEASE STATE YOUR NAME, ADDRESS AND AFFILIATION.**

2 A. My name is Frank Knapp, Jr. I am the president and CEO of The South
3 Carolina Small Business Chamber of Commerce, 1717 Gervais Street, Columbia,
4 SC 29201.

5 **Q. PLEASE DESCRIBE THE SOUTH CAROLINA SMALL BUSINESS**
6 **CHAMBER OF COMMERCE.**

7 A. The South Carolina Small Business Chamber of Commerce is a statewide
8 advocacy organization representing the interests of small businesses at all levels
9 of government including regulatory agencies. We are a membership organization
10 consisting of approximately 5000 small business that come from both individual
11 memberships and trade association memberships.

12 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL EXPERIENCE.**

13 A. I co-founded The South Carolina Small Business Chamber of Commerce
14 in 2000. I served as executive director for several years and then as president and
15 CEO. In my position I have been responsible for the organization's efforts to
16 intervene in the South Carolina Public Service Commission's hearings on
17 proposed utility rate increases. Since 2002, either the organization or I have
18 intervened in four such cases involving SCE&G. In February of this year I was a
19 witness in the Public Service Commission hearing on Duke Energy Carolinas
20 proposed Energy Efficiency Plan on behalf of Environmental Defense, the South
21 Carolina Coastal Conservation League, Southern Alliance for Clean Energy and
22 the Southern Environmental Law Center.

23 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

24 A. I am testifying on behalf of intervenor Pamela Greenlaw.

25 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
26 **PROCEEDING?**

27 A. My purpose is to represent the interests of small businesses in the process
28 of developing an effective net metering program in South Carolina.

29 **Q. WHAT ARE THE INTERESTS OF SMALL BUSINESSES IN NET**
30 **METERING?**

1 **A.** Reducing energy costs is very important to small businesses. Effective net
2 metering programs offer an opportunity for small businesses to reduce these costs
3 through the generation of their own electricity, the sale of their self-generated
4 excess electricity to the power companies and reducing the demand for building
5 new power plants and thus reduce the need for electric rate increases. Small
6 business owners also are concerned about climate change and its potential
7 negative impact on the small business economy of our state and thus have a
8 vested interest in promoting the production of electricity from renewable energy
9 technology.

10 **Q. WHAT IS THE INTEREST OF SMALL BUSINESSES IN NET**
11 **METERING?**

12 **A.** Small businesses, defined as businesses with 100 or fewer employees,
13 represent approximately 96% of all businesses in South Carolina. We thus
14 represent both a large segment of energy consumers as well as a large base of
15 potential net metering program participants. In addition, an effective net metering
16 program offers great opportunity for small business creation and growth to service
17 the demand from residents and other small businesses that wish to pursue net
18 metering.

19 **Q. ARE YOU AN EXPERT ON NET METERING?**

20 **A.** No, I am not.

21 **Q. HOW HAVE YOU PREPARED TO OFFER TESTIMONY IN THIS**
22 **PROCEEDING?**

23 **A.** I have prepared by talking with people in South Carolina and North
24 Carolina who are much more knowledgeable on the subject. I have also talked to
25 and read communications from South Carolinians who have been actively
26 pursuing generating their own electricity and seeking to be a part of a net
27 metering effort. In addition, I have read the 2007 edition of "Freeing The Grid"
28 (Report No. 02-07) published by the Network for New Energy Choices, Interstate
29 Renewable Energy Council, The Vote Solar Initiative and the Solar Alliance.
30

1 **Q. WHAT ARE YOUR CONCERNS IN THIS PROCEEDING?**

2 **A.** I am concerned that South Carolina will not adopt the best practices of
3 effective net metering programs that have been determined from the experience of
4 the thirty-nine states that have already adopted interconnection standards and
5 tariffs for net metering programs. While I understand that interconnection issues
6 have already been addressed by the Commission, I believe that there may be
7 opportunities for future modifications.

8 **Q. WHY DIDN'T THE SOUTH CAROLINA SMALL BUSINESS CHAMBER**
9 **OF COMMERCE EXPRESS CONCERNS EARLIER TO THE**
10 **COMMISSION?**

11 **A.** Quite honestly, we did not understand the issue, did not know the benefits
12 of an effective net metering program and were not aware of the Commission's
13 hearings.

14 **Q. WHAT ARE THE CONSEQUENCES OF NOT FOLLOWING BEST**
15 **PRACTICES IN CREATING A NET METERING PROGRAM?**

16 **A.** The short answer is that there will be little participation by residents and
17 small businesses. If best practices are not followed, South Carolina will have
18 gone through an effort to establish a net metering program with little chance of
19 being successful. All the potential benefits to small businesses, residents and to
20 the state itself will have been squandered.

21 **Q. WHAT ARE THE CHARACTERISTICS OF A NET METERING**
22 **PROGRAM THAT WILL DISCOURAGE PARTICIPATION BY SMALL**
23 **BUSINESSES?**

24 **A.** If the program is too costly in terms of money, time and effort to small
25 businesses, they will be discouraged from participating.

26 The "common pitfalls" of an ineffective net metering program, according
27 to the experts and reported in "Freeing The Grid" are:

- 28 • Restricting eligibility to certain classes of customers.
- 29 • Limiting the size of individual eligible renewable-energy systems.
- 30 • Preventing customers from receiving credit for excess electricity.
- 31 • Capping the total combined capacity of all customer-sited generators.

- Charging discriminatory or unclear fees and standby charges.
- Demanding unreasonable, opaque or redundant safety requirements, such as an external disconnect switch.
- Creating an excessively prolonged or arbitrary process for system approval.
- Requiring different technical provisions that vary by state to serve a distribution grid that is homogeneous nationwide.
- Requiring unnecessary additional liability insurance.
- Failing to promote the program to eligible consumers.

Q. WHAT ARE SOME SPECIFIC EXAMPLES RELATING TO COSTS TO SMALL BUSINESSES THAT WOULD DISCOURAGE PARTICIPATION?

A. Specific examples have been offered by the North Carolina Sustainable Energy Association. These include:

- Set-up charges that are unnecessary or too high.
- Extra meter monthly charges.
- Requiring participants to be on time-of-use billing instead of a normal flat rate.
- Imposing a higher minimum monthly billing requirement for participants.
- Compensating participants at the lowest avoided cost rate instead of the avoided costs when the electricity is put on the grid.

Q. WHY ARE YOU CONCERNED THAT SOUTH CAROLINA WILL NOT FOLLOW THE BEST PRACTICES IN A NET METERING PROGRAM?

A. While I have not been involved in the proceedings so far, I am told that decisions to date and recommendations from the large energy producers are to model a South Carolina net metering program after North Carolina's program.

Q. WHY DOES THIS CONCERN YOU?

A. I have consulted with two small businesses in North Carolina—LandmarkSolar and SouthernEnergy Management. It is the business of these companies to work with small business clients on renewable, sustainable energy

1 solutions. As of March 24, 2008, these companies have connected only one
2 commercial client to North Carolina utilities using net metering.

3 **Q. DO YOU HAVE OTHER REASONS TO BE CONCERNED ABOUT**
4 **USING NORTH CAROLINA AS A MODEL FOR A SOUTH CAROLINA**
5 **NET METERING PROGRAM?**

6 **A.** Yes, I do. "The Interstate Renewable Energy Council (IREC) developed a
7 methodology that the Network for New Energy Choices used to compare and
8 grade existing statewide net metering and interconnection policies according to
9 the standards of an emerging national consensus on best practices." (Freeing The
10 Grid)

11 In this analysis, North Carolina received the lowest grade, an "F", in both
12 interconnection and net metering policies. North Carolina's policies are not the
13 example of best practices that South Carolina should follow.

14 **Q. HOW SHOULD SOUTH CAROLINA MOVE FORWARD WITH**
15 **ESTABLISHING POLICIES FOR THE ENTIRE NET METERING**
16 **PROGRAM?**

17 **A.** It is clear that we have experience from thirty-nine other states that have
18 already established policies regarding net metering. The experts have looked at
19 those policies and we have actual experience to rely on. South Carolina does not
20 have to "re-create the wheel".

21 "Applying the lessons we have learned from thirty-nine statewide net-
22 metering programs, IREC has crafted model interconnection standards and net-
23 metering regulations for use by state utility commissioners. As states consider
24 adopting or revising programs in 2008, these models provide an easy way to
25 emulate effective programs and to avoid wasteful mistakes." ("Freeing The
26 Grid")

27 **Q. DOES THIS CONCLUDE YOUR PRE-FILED DIRECT TESTIMONY?**

28 **A.** Yes, it does.

CERTIFICATE OF SERVICE

I hereby certify that the following persons have been served with Pamela Greenlaw pre-filed witness testimony of Frank Knapp, Jr.:

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